

Message Text

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PAGE 01 STATE 090292
ORIGIN AF-10

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FM SECSTATE WASHDC
TO AMEMBASSY NOUAKCHOTT PRIORITY

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E.O. 11652: N/A

TAGS: BENC, MR

SUBJECT: LANG-PRITCHARD SUGAR REFINERY PROJECT - PRITCHARD
PRESIDENT OLIPHANT'S CALL ON AF/W

REF: A) KRYZA-KILLION APRIL 6 TELECON, B) STATE 78818,
C) NOUAKCHOTT 608

1. PRITCHARD PRESIDENT OLIPHANT MET WITH AF/W COUNTRY
OFFICER APRIL 6 TO REVIEW NOUAKCHOTT SUGAR REFINERY PRO-
JECT IMPASSE. OLIPHANT'S PRESENTATION FOLLOWED ES-
SENTIAL POINTS REPORTED REFTEL (B).

2. BASIC THRUST OF OLIPHANT'S POSITION IS THAT SUGAR RE-
FINERY MUST BE RUN FOR CONSIDERABLE PERIOD BEFORE IT CAN
BE TURNED OVER AS OPERATING PROJECT, AND THIS REQUIRES
FROM GIRM: (A) AGREEMENT FOR ADDITIONAL SPARE PARTS;
(B) ADDITIONAL MAURITANIAN PERSONNEL -- AND CONSIDERABLE
NUMBER OF QUALIFIED EXPATRIATES -- DURING PERFORMANCE
VERIFICATION AND TRAINING PERIOD; AND (C) ESTABLISHMENT OF
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SUGAR MARKETING SYSTEM TO DISTRIBUTE SUGAR WHICH REFINERY
ALREADY CAPABLE OF PRODUCING. PRITCHARD'S POSITION IS
THAT MAURITANIAN GOVERNMENT SHOULD ASSUME COSTS FOR THESE
REQUIRED NEXT PHASES FROM DOLS ONE MILLION RETENTION FUND
OR OTHER SOURCES. (OLIPHANT ACKNOWLEDGED THAT CONTRACT

DOES NOT RPT NOT CALL FOR THIS. HE STATES NEITHER ISC

PARENT COMPANY NOR PRITCHARD HAS NECESSARY FUNDS -- AND PRESENTED BUSINESS WEEK AND OTHER PUBLISHED INFORMATION CITING CURRENT CASH-FLOW PROBLEMS ISC IS EXPERIENCING -- AND THAT LANG ITSELF HAS ONLY TEN EMPLOYEES AND IS VIRTUALLY NOT RPT NOT FUNCTIONING).

3. OLIPHANT INSISTS THAT FOR PRITCHARD TO GO AHEAD ON ITS OWN TO PAY FOR THE REQUIRED THREE STEPS CITED ABOVE WOULD BE "FOOLISH" WITHOUT THE NECESSARY MAURITANIAN GOVERNMENT AGREEMENT AND PARTICIPATION, AND THAT HIS COMPANY WILL NOT RPT NOT TAKE THAT STEP IN SPITE OF ITS STRONGLY HELD BELIEF THAT THE PROJECT SHOULD AND CAN BE BROUGHT TO SUCCESSFUL COMPLETION TO ADVANTAGE OF MAURITANIAN GOVERNMENT AND ECONOMY. OLIPHANT UNDERSTANDS THAT MAURITANIAN GOVERNMENT HAS BEEN COOPERATIVE AND HAS GENUINELY SOUGHT WAY OUT OF IMPASSE, BUT BELIEVES MAURITANIAN GOVERNMENT OFFICIALS LACK PROPER APPRECIATION OF TECHNICAL AND ECONOMIC FACTS OF PRESENT SITUATION. HE HOPES FOR COMBINED EXIM-STATE-PRITCHARD-EMBASSY NOUAKCHOTT EFFORT TO PERSUADE GIRM TO RECONSIDER ITS POSITION.

4. OLIPHANT ARRANGING MEETING WITH EXIM BANK EARLY NEXT WEEK, WHICH OLIPHANT, LANG-PRITCHARD ATTORNEY CHARLES ADAMS, AND COUNTRY OFFICER WILL ATTEND. OLIPHANT SEEKS STATE-EXIM BANK "SYMPATHETIC UNDERSTANDING" OF LANG-PRITCHARD POSITION. OLIPHANT UNDERSTANDS THAT NO RPT NO LIMITED OFFICIAL USE

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U.S. GOVERNMENT FUNDS ARE AVAILABLE FOR THE REQUIRED PERFORMANCE OPERATION OF THE SUGAR REFINERY TO SET STAGE FOR TURNOVER TO MAURITANIAN GOVERNMENT.

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